

# CMA CGM (America) LLC

## AgTC - The Carrier Perspective

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# Agenda

- CMA CGM
- P3
- Big Ship Economics
- Slow Steaming and Transits
- USWC Labor Situation
- The Crystal Ball

## CMA CGM Globally

The 3<sup>rd</sup> Largest Container Carrier in  
the World

11.4m TEUs carried in 2013

18 000 Employees

650 Offices Worldwide

428 Operated vessel

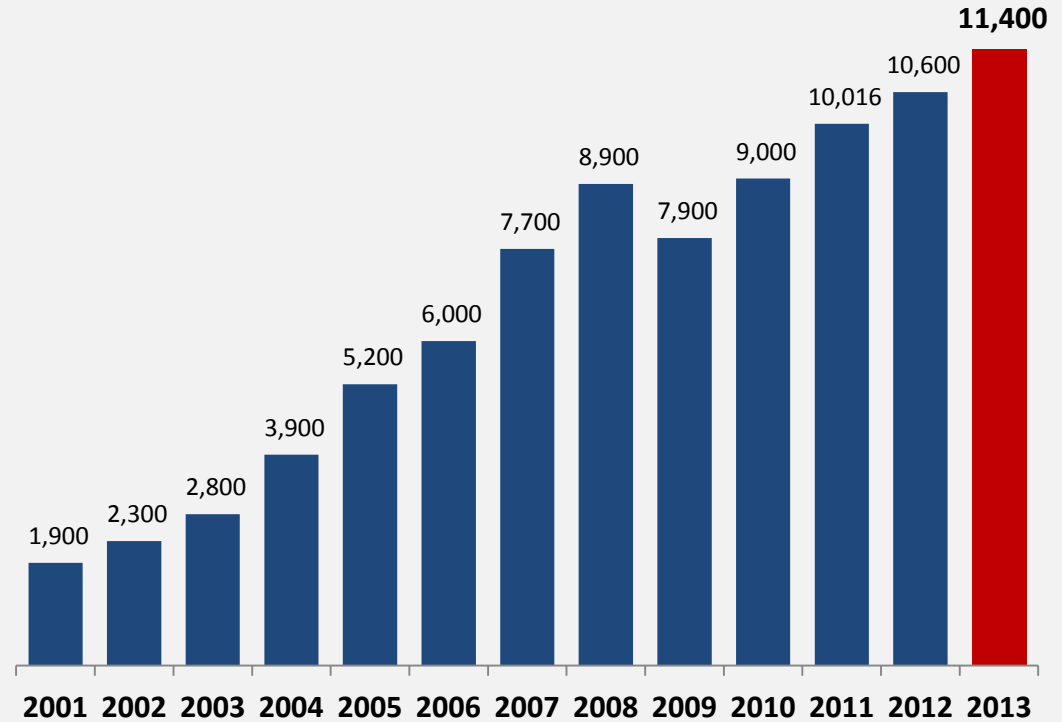
400 Port of calls

# CMA CGM GROUP

*Volume and Growth*

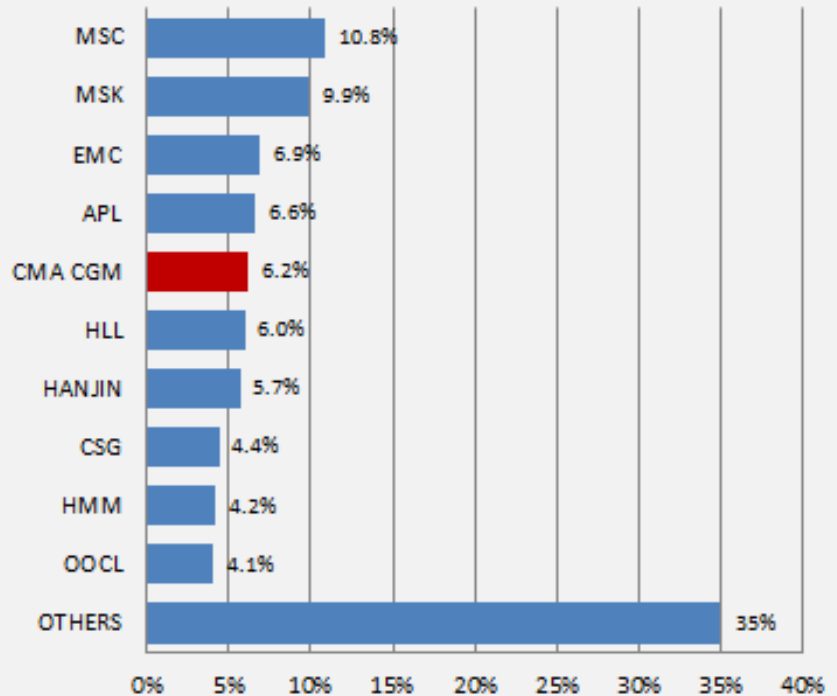
## CMA CGM Globally

CMA CGM: 17% Average Volume Growth over 13 Years Period



### CMA CGM in the US

CMA CGM: Ranked number 5 overall with a 3% growth in 2013 giving us a total market share of 6.2%



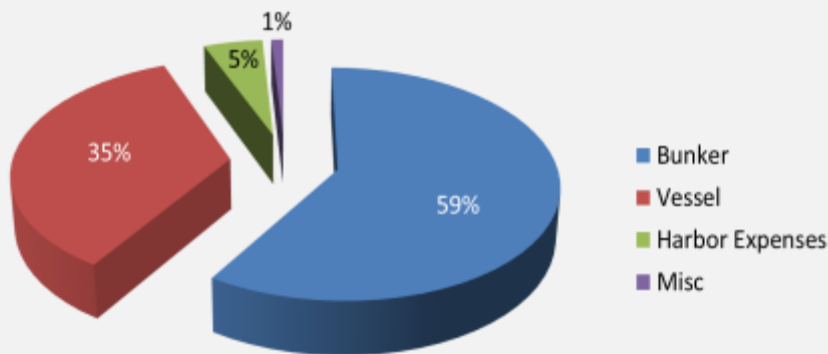
# P3 – A Closed Chapter In History

*Not to worry*

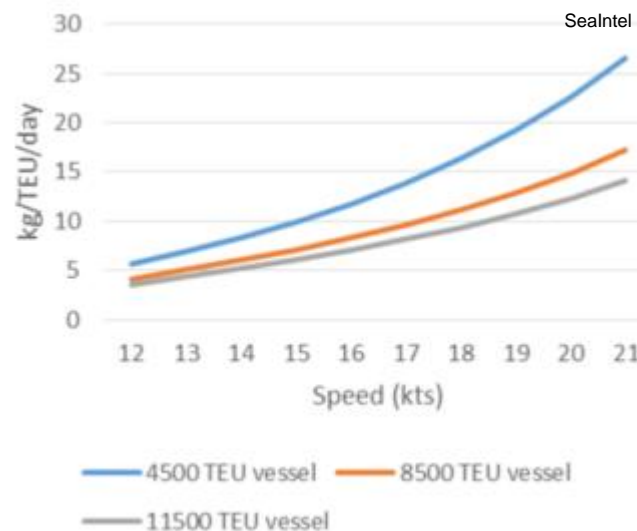
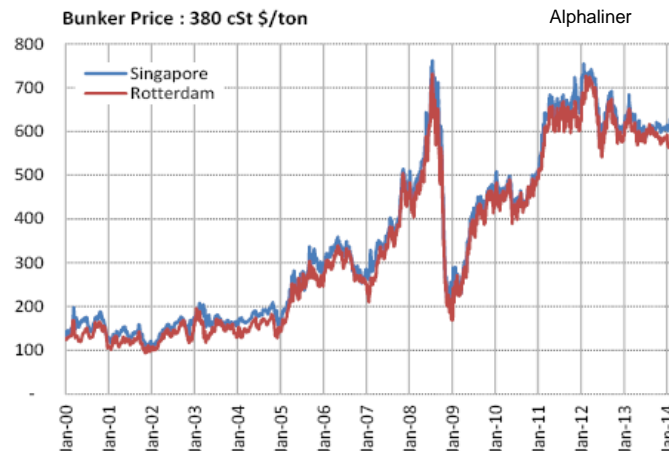
- We have had for some time – and continue to have - Vessel Sharing Agreements in US trades and elsewhere with Maersk, MSC and other partners.
- Financial consequences are negligible as P3 was based on the pooling of preexisting assets of the 3 members.
- P3 was not integrated into our financial results or our 2014 budget estimates. Our capacity to generate results that are above most of our competitors remains intact.
- All of our services remain fully operational and we are ready to meet the increased demands related to Peak Season, and we will continue to provide the same quality of services that our clients have come to expect from CMA CGM.

# Big Ship Economics – The Future of the Industry

- Big Ships are the future of container shipping
- The economies of scale and ecological advantages will continue to drive market
- The cost of bunker is the largest single factor



9500 TEU Vessel Operating Cost  
Asia/USWC Loop @ \$600/Ton 380





# Big Ship Impacts

## Large Ships Present Two Major Challenges

- 1 = Size of the ships
- 2 = Highly Concentrated Volumes of Cargo

### Port Impact

- Harbor Depth (& Air Draft)
- Berths – 1300 Foot?
- Cranes – Reach (20+), How Many Per Berth?
  - Moves Per Hour Critical
- On Dock Rail
- Back of Crane Infrastructure
- Gates
- Intense “Peak Days”
- Highways
- Pilots & Tugs

### Rail Impact

- Longer Trains
- Flatcar Availability
- Double Stack
- On Dock Rail
- Higher Ramp Traffic Concentration
  - Origin & Destination
- Dedicated Trains/Corridors

### Customer Impact

- Concentrated Flows = High Velocity
- Potential Warehouse Stresses
- Improved Schedule Reliability
- Dray Power Challenges

Effectively Managing These Issues Will Result In Improved Efficiency Throughout the Supply Chain



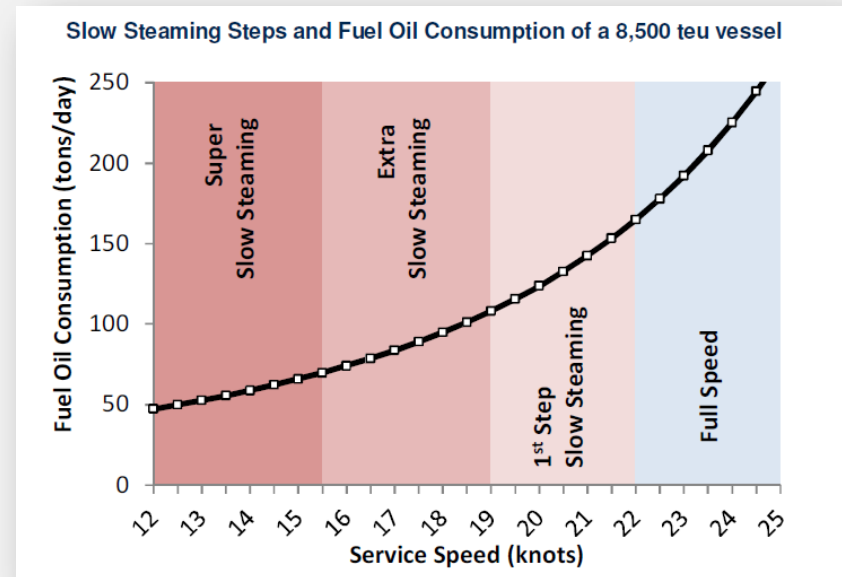
# Impact of Slow Steaming on Fuel Consumption

Initially, there were concerns that slow steaming for extended periods would lead to serious engine damage for units not designed for the slower rpms involved. However, testing and studies have shown that most vessels can cope with the slower speeds with proper care and attention.

Slow steaming reduces the fuel consumption much more rapidly than would be thought, as water resistance increases with higher vessel speeds. Thus the consumption graph is not linear, but curves upward quite dramatically as vessel speed increases.

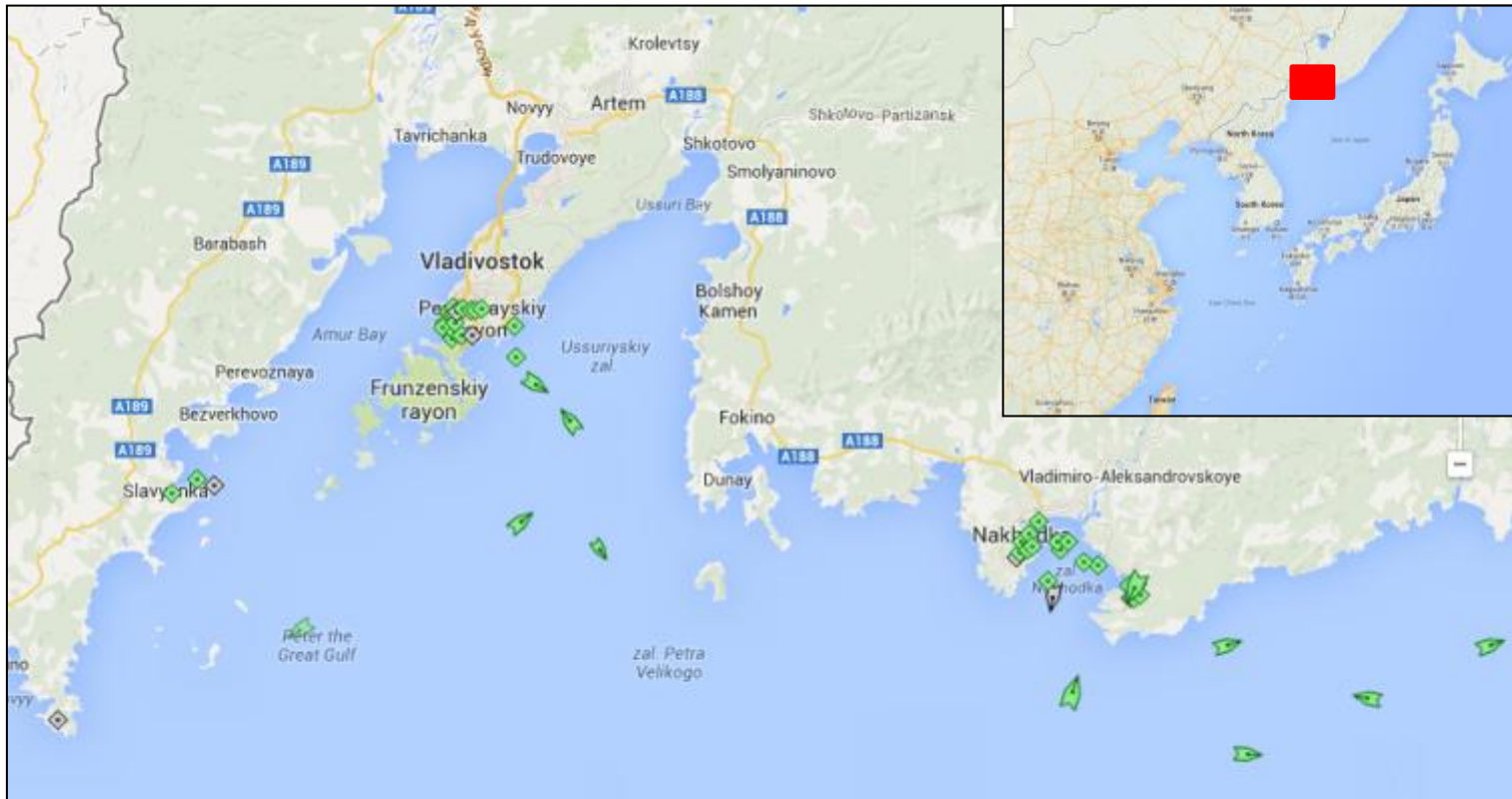
Slow Steaming is now divided into 3 categories:

- Slow Steaming
- Extra Slow Steaming (ESS)
- Super Slow Steaming (SSS)



# Rebunkering in Asian Russia

Due to low cost Russian bunkers, carriers are diverting Asian bound vessels to Vladivostok or Vostochny in Asian Russia to bunker. Savings can be >10%, but it does come at a cost in vessel time with the diversion.



AIS 'Snapshot' of cargo vessels (all carriers) in Vladivostok area June 20 2014

# US West Coast Labor Situation

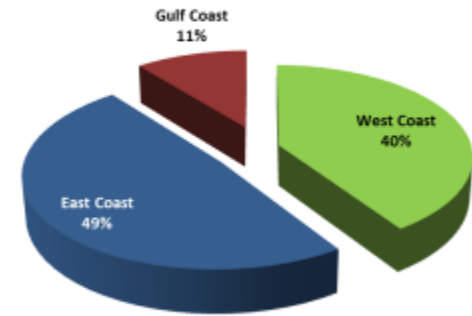
Obviously, everyone is concerned and watching the situation on the US West Coast closely.

The negotiations continue between the PMA and ILWU, and we are hopeful that we will get by without any work stoppage.

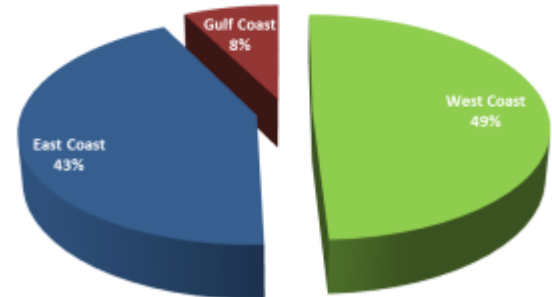
However, like any responsible company, we constantly develop contingencies and options.

Unfortunately, any discussion of those contingencies could undermine some options, or even, in a worst case, destabilize the ongoing negotiations.

Containerized Exports by Coast  
Year Ending APR 2014



Containerized Imports by Coast  
Year Ending APR 2014



# What does the future hold?

- Big Ships
- VSA's have become the 'new black'
- Bunker Pressure
- Equipment Imbalance Costs
- Chassis
- Continued Rate Volatility
- Economic Growth
- Industry Cycles



# In Conclusion...

- Big Ships and VSA's are the Future of Container Shipping
  - Fuel Costs Force Larger, More Efficient Tonnage
  - Larger Ships Force VSA's As Satisfactory Utilization Levels Require Multiple Carriers To Pool Volumes
  - VSA's Allow Carriers a Wider Scope of Coverage and More Direct Call Ports



*The CMA CGM Corte Real  
13,830 TEUs, Arriving at Long Beach  
October, 2013*

*One of the largest container ships to call  
North America*





Thank you

